



STATE OF CALIFORNIA

STATE BOARD OF EQUALIZATION

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March 19, 1985

TO COUNTY ASSESSORS:

SUMMARY OF PROPOSED LEGISLATION NUMBER 1

No. 85/43

Following are brief summaries of legislation introduced or amended during the 1984-85 regular session of the Legislature. These measures relate to the Revenue and Taxation Code or otherwise to the assessing function.

AB 67

Author: Assembly Member Hannigan
Action: Introduced in the Assembly
Date: December 4, 1984
Affected Code Section: Adds Section 63.1 to the Revenue and Taxation Code.

This bill would specify that change in ownership does not include any transfer of real property between parents and their children. This measure would take effect only if an unspecified Constitutional Amendment (Presumably ACA 2) is approved by the voters.

AB 266

Author: Assembly Member Hannigan
Action: Introduced in the Assembly
Date: January 14, 1985
Affected Code Section: Amends Section 75.12 of the Revenue and Taxation Code. Urgency Statute.

This bill would delete from Section 75.12 the provision that rules adopted by the Board pursuant this section shall not be subject to review by the Office of Administrative law.

AB 271

Author: Assembly Member Naylor
Action: Introduced in the Assembly
Date: January 14, 1985
Affected Code Sections: Repeals and Adds Chapter 3.5 (Commencing with Section 75) of the Revenue and Taxation Code.

This bill would make some fundamental changes in supplemental assessments and also establish a basis that could make such assessments operative for some years and inoperative in others. Under this measure the State Director of Finance would, each January 1, perform a test to determine the "tax refund amount". If the amount is a positive number, the director will certify in sequence, certain tax reductions. Supplemental assessments are seventh on the

AB 271 (continued)

list. In simple terms it seems that if the state has enough money, supplemental assessments will be activated. If the state does not have enough money, supplemental assessments will be inoperative.

The bill begins by repealing all existing supplemental assessment law (Chapter 3.5 commencing with Section 75), changing the term to "additional assessment" and then restoring some of Chapter 3.5 as it was prior to enactment of AB 2345. Under this measure there would be no supplemental roll. Changes in ownership or completion of new construction occurring on or after March 1, but before September 1, will cause the assessor to establish a new base-year value and the increase in assessment will be placed on the "current roll".

If such an event occurs on or after September 1, but before March 1, any new assessment will be reflected on the roll being prepared.

For assessments added to the current roll (triggering event occurred from 3-1 to 9-1) the auditor applies current year's tax rate to the increase to compute a full year's taxes, multiplies this amount by 0.5, then divides this amount into two installments. Such additional taxes would be added to the installments of taxes due February 1 and November 1 following the September 1 lien date.

This measure would restore the exclusion of fixtures from additional assessment (formerly supplemental assessment). It also removes the provision of AB 2345 that "actual physical new construction" includes the discovery of previously unknown reserves of oil and gas. Changes are also made in the treatment of negative additional assessments, exemptions, delinquencies and new changes in ownership and completion of new construction before prior changes have been completely processed.

This analysis applies only to the property tax aspects of the bill.

AB 312

Author: Assembly Member Klehs

Action: Introduced in the Assembly

Date: January 17, 1985

Affected Code Sections: Amends Sections 11126 and 65913.5 of the Government Code and Amends and Add Various Sections to the Revenue and Taxation Code.

This is a "housekeeping" measure sponsored by the State Board of Equalization to make several technical, clarifying, and minor substantive changes to the laws relative to property taxation.

The most significant of the changes are:

Section 3 amends Section 61(a) of the Revenue and Taxation Code to provide that the creation, renewal, sublease, assignment, or other transfer of a mineral right is a change in ownership of those mineral rights, regardless of the period during which the right may be exercised.

AB 312 (continued)

Sections 5 and 6 amend Sections 68 and 75.10 of the Revenue and Taxation Code to authorize the use of the supplemental assessment roll as a means of providing immediate property tax relief to persons who purchase replacement property for real estate taken by governmental action.

Section 11 will provide for late filing of a claim for the \$100,000 disabled veterans' exemption.

Sections 14 through 20 amend the Timber Yield Tax Law to make the collection provisions of the Timber Yield Tax Law comparable to those of the Sales and Use Tax Law.

AB 467

Author: Assembly Member Hannigan

Action: Introduced in the Assembly

Date: January 29, 1985

Affected Code Sections: Amends Section 51 of the Revenue and Taxation Code.

This bill would specifically require taking into account reductions in value due to removal of improvements on the regular roll.

SB 165

Author: Senator Beverly

Action: Introduced in Senate

Date: January 14, 1985

Affected Code Sections: Amends Section 998 of the Revenue and Taxation Code.

This bill would require the assessor to use the "build-up" appraisal approach when valuing timeshare interests unless there are no comparable properties to use.

SB 434

Author: Senator Craven

Action: Introduced in the Senate

Date: February 14, 1985

Affected Code Sections: Amends Section 10760 and Repeals Article 4 (Commencing with Section 10910) of Chapter 3 of Part 5 of Division 2 of the Revenue and Taxation Code. Urgency Statute.

This bill would provide that a mobilehome on which the license fee was delinquent for 120 days or more but which was not actually enrolled on the local property tax roll prior to October 1, 1984, shall not be subject to local property taxation as a condition of reinstatement to the license fee.

All of Article 4 beginning with Section 10910 is repealed. These sections deal with petition for reinstatement, service fees, reinstatement, notice of decision, payment of taxes due and proof of failure of dealer to pay the fee.

SB 438

Author: Senator Boatwright
Action: Introduced in the Senate
Date: February 15, 1985
Affected Code Section: Adds Section 74 to the Revenue and Taxation Code.
Urgency statute.

This bill defines fire sprinkler system, other fire extinguishing system, fire detection system, and fire-related egress improvement for the purpose of excluding those items from new construction. This is to implement Proposition 31, adopted by the voters at the November 6, 1984 General Election.

SB 443

Author: Senator Royce
Action: Introduced in the Senate
Date: February 19, 1985
Affected Code Section: Amends Section 480.3 of the Revenue and Taxation Code.

Existing property tax law permits the county recorder, with certain exceptions, to charge an additional specified recording fee if a document evidencing a change of ownership is presented for recordation without the concurrent filing of a preliminary change of ownership report.

This bill would preclude the charging of the additional fee with respect to the recordation of a trustee's deed to a beneficiary executed as the result of a foreclosure sale.

SB 444

Author: Senator Royce
Action: Introduced in the Senate
Date: February 19, 1985
Affected Code Section: Amends Section 480 of the Revenue and Taxation Code.

Existing property tax law provides for the imposition of a penalty of \$100 or 10% of the taxes applicable to the new base-year value reflecting a change in ownership of real property or a mobilehome, whichever is greater, upon the failure of a transferee to file a change in ownership statement within 45 days of the date of a written request by the assessor.

This bill would make the imposition of the penalty inapplicable to any transferee who is the beneficiary under a trustee's deed executed as the result of a foreclosure sale.

SB 508

Authors: Senators Rosenthal and Petris
Action: Introduced in the Senate
Date: February 21, 1985
Affected Code Section: Amends Section 830 of the Revenue and Taxation Code.

SB 508 (continued)

Under existing law, property statements for state-assessed property owned, claimed, used, controlled or managed by a person or legal entity must be furnished on request of the State Board of Equalization. It provides for a penalty for failure to timely file the property statement of 10 percent, not to exceed \$5,000,000 of full value.

This bill would repeal the provision providing that no penalty shall exceed \$5,000,000 of full value.

ACA 2

Author: Assembly Member Hannigan

Action: Introduced in the Assembly

Date: December 4, 1984

Affected Section: Adds Subdivision (f) to Section 2 of Article XIII A of the Constitution.

This measure would provide that change in ownership does not include the transfer of real property between spouses or between parents and their children. (See AB 67)

ACA 3

Author: Assembly Member Elder

Action: Amended in the Assembly

Date: February 14, 1985

Affected Section: Amends and Adds Various Sections of Various Articles of the Constitution.

The portions of this measure dealing with property tax matters would repeal the \$7,000 homeowners' exemption and substitute an exemption in addition to any other exemption of the full cash value over \$40,000 and less than \$240,000 for property occupied by the owner or not occupied by the owner as a principal residence including apartments and condominiums.

The limits would be \$20,000 and \$120,000 on mobilehomes. Mobilehome owners who lease or rent space and are subject to property tax also receive the renters' credit specified in Section 17053.5 of the Revenue and Taxation Code or at least \$100. For owners of mobilehomes not subject to property taxes, a personal income tax credit of \$2,000 or the amount of motor vehicle license fees paid during the year would be provided.

For owners of mobilehome parks an exemption applying to the full cash value of the entire mobilehome park measured by limits of \$20,000 to \$120,000 per space available for lease or rental.

For property of disabled veterans as defined in Section 205.5 an exemption of \$220,000.

The exemption limits are to be increased annually by 2 percent.

TO COUNTY ASSESSORS:

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ACA 3 (continued)

The state would not provide subventions to local government for revenue lost as a result of specified exemptions or restricted valuations.

This measure would specify in some detail the distribution of property tax revenues.

Base-year value would be as shown on the 1977-78 assessment roll under full cash value and newly constructed property will be reflected as of the following lien date and no supplemental assessment would apply. Reassessment as a result of change in ownership would be repealed. Inflation or deflation could be recognized up to a maximum of two percent per year but other factors causing a decrease in value could also be reflected.

ACA 5

Author: Assembly Member Elder

Action: Amended in the assembly

Date: February 14, 1984

Affected Section: Amends Subdivision (a) of Section 2 of Article XIII A of the Constitution.

Permits the Legislature to provide that persons over the age of 55 who are eligible for the homeowners' exemption may transfer the base year value of the property entitled to the exemption to a replacement dwelling of equal or lesser value within the same county.

Copies of each of these measures are enclosed for your information.

Sincerely,



Verne Walton, Chief
Assessment Standards Division

VW:wpc
Enclosure
AL-04C-2427A